

Message Text

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ACTION EB-11

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COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 4943

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

US MISSION EC BRUSSELS

US MISSION OECD PARIS

US MISSION GENEVA 2271

AMCONSUL MILAN

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E.O. 11652: N/A

TAGS: EAGR, IT

SUBJECT: ITALIAN PRIOR IMPORT DEPOSITS-AGRICULTURAL PRODUCTS

PASS AGRICULTURE

REF: ROME 6627

1. SUMMARY. ITALIAN PRESS REPORTS THAT EC AGRICULTURAL
COMMISSIONER LARDINOIS VISITING EC CAPITALS TO PROPOSE VARIOUS
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ALTERNATIVE MEASURES, WITH EMPHASIS ON BEEF, TO AID ITALY IN

EXCHANGE FOR HER LIFTING THE IMPORT DEPOSIT REQUIREMENTS FOR AGRICULTURAL IMPORTS FROM OTHER EC MEMBERS. END SUMMARY.

2. ITALIAN PRESS REPORTS THAT EC AGRICULTURAL COMMISSIONER LARDINOIS HAS PROPOSED FOLLOWING MEASURES TO OTHER EC MEMBER STATES TO SUBSTITUTE FOR ITALIAN IMPORT DEPOSIT REQUIREMENTS. IL SOLE REPORTS THAT PROPOSAL INCLUDES: (A) FURTHER DEVALUATION OF GREEN LIRA BY 7.5 PERCENT (ALREADY OVER PAST YEAR GREEN LIRA HAS GONE DOWN 625 TO 650 TO 712 PER UNIT OF ACCOUNT); AND PARALLEL REDUCTION IN "FLUCTUATING" COMPENSATORY LEVIES (PRESENTLY 15 PERCENT) WHICH REFLECT LIRA DEPRECIATION AND APPLY TO ITALIAN TRADE WITH OTHER EC MEMBERS; (B) IN THE CASE OF GERMANY, A REDUCTION IN THE "FIXED" COMPENSATORY LEVIES FROM 12.03 TO 9 PERCENT WHICH GERMANY APPLIES TO TRADE WITH OTHER MEMBER STATES BECAUSE OF MARK REVALUATION; AND (C) COMPLETE SUSPENSION UNTIL JANUARY 31, 1975 OF FLUCTUATING COMPENSATORY LEVIES FOR ALL ITALIAN BEEF IMPORTS.

3. GERMANY REPORTED BY IL GLOBO TO BE UNWILLING TO AGREE TO ABOVE MEASURES, ESPECIALLY REGARDING BEEF. SAME NEWSPAPER SAYS GERMAN BEEF EXPORTS TO ITALIAN MARKET TO HAVE DECLINED 70 PERCENT SINCE IMPORT DEPOSIT SCHEME INITIATED, AND FRENCH EXPORTS ARE ALSO BELIEVED HEAVILY AFFECTED.

4. AGATT OFFICE CONTACTED ITALIAN ASSOCIATION OF LIVE ANIMAL AND BEEF IMPORTERS, WHICH REPORTS INSTEAD THAT OVERALL BEEF AND LIVE ANIMAL IMPORTS DOWN ONLY 30-40 PERCENT ON GLOBAL BASIS, BUT THAT THIS DEFINITELY A HARDSHIP ON IMPORTERS. SAME SOURCE ADMITS THAT PRICES TO DOMESTIC BEEF PRODUCERS STILL BELOW EC INTERVENTION LEVEL, BUT THAT IN SHORT TIME THIS LEVEL SHOULD BE EXCEEDED.

5. COMMENT: ITALIAN BEEF PRODUCERS, WHO ALONG WITH DAIRY PRODUCERS WERE MEANT TO BE MAIN BENEFICIARIES OF ITALIAN MEASURES IN AGRICULTURAL SECTOR, ARE PROBABLY SATISFIED THAT IMPORT DEPOSIT SYSTEM WILL EVENTUALLY BRING THEM RELIEF. THESE LIKELY FOR THE FIRST TIME TO EXERCISE MORE POWERFUL INFLUENCE ON ITALIAN AGRICULTURAL POLICY (THROUGH THEIR FARM ASSOCIATION) THAN IMPORTER GROUP. SINCE PRODUCERS CAN ONLY BENEFIT IF CHEF SOURCES OF IMPORTED BEEF AFFECTED BY MEASURES, UNCLASSIFIED

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IT WOULD SEEM ILLOGICAL TO EXEMPT EC PARTNERS FROM IMPORT MEASURES. AT THE SAME TIME, ITALY'S RESTRICTIONS NOW PUT THE SPIRIT OF COOPERATION WITHIN THE COMMON MARKET TO A FIRE TEST, SINCE OVER THE LAST 16 YEARS ONLY IN THE AGRICULTURAL SECTOR HAS THERE EXISTED SOME SEMBLANCE OF UNITY IN THE EC.

6. FOR USEC BRUSSELS: WE WOULD APPRECIATE FURTHER INFORMATION ON VARIOUS COMMISSION PROPOSALS TO GET AROUND ITALIAN IMPORT

MEASURES ESPECIALLY RE POSSIBLE DISCRIMINATION AGAINST U.S. ALSO, FURTHER CLARIFICATION OF COMPENSATORY LEV SYSTEM AS PER
REFTEL VOLPE

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